



# SCHOOL FACILITIES AUTHORITY

c/o 869 Punchbowl Street, 5<sup>th</sup> Floor, Honolulu, Hawai'i, 96813

IN REPLY REFER TO: **HB2470 FIN**

David Y. Ige  
Governor

Alan Oshima  
Chairperson

February 28, 2022  
11:00 A.M.  
State Capitol, Teleconference

## **H.B. 2470, H.D. 1 RELATING TO GOVERNMENT OPERATIONS**

House Committee on Finance

The School Facilities Authority (SFA) provides **comments on part IV of this measure** that proposes to transfer the SFA from the Department of Education to the Department of Business, Economic Development, and Tourism.

The SFA takes no position on the proposed transfer, but notes that the SFA is in its first six months of operations and is currently in the process of promulgating administrative rules on practice and procedure. In addition, the SFA is initiating the process to recruit its first executive director and hire three staff positions. The SFA respectfully requests your committee defer consideration of part IV of the bill until such time that the SFA is well established and fully operational as the operations over the next year can better inform future decisions on the appropriate placement of the authority.

Thank you for the opportunity to provide these comments.

DAVID Y. IGE  
GOVERNOR



CURT T. OTAGURO  
COMPTROLLER  
AUDREY HIDANO  
DEPUTY COMPTROLLER

**STATE OF HAWAII**  
**DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES**  
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY  
OF  
CURT T. OTAGURO, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
HOUSE COMMITTEE  
ON  
FINANCE

MONDAY, FEBRUARY 28, 2022, 11:00 A.M.  
VIA VIDEOCONFERENCE, STATE CAPITOL

H.B. 2470, H.D. 1

RELATING TO GOVERNMENT OPERATIONS

Chair Luke, Vice Chair Yamashita, and Members of the Committee, thank you for the opportunity to testify on H.B. 2470, H.D. 1. The Department of Accounting and General Services (DAGS) support the overall intent of this bill and offers the following comments and concerns .

DAGS appreciates the legislature's overall support of the New Aloha Stadium Entertainment District (NASED) and the additional \$180,000,000 in general obligation funding. We are concerned, however, that the proposed language in Section 11 may not achieve the desired intent to support seamless progress on the Stadium Development District's progress for the following reasons:

1. Revising the expending authority for the previously appropriated funds may negate the transactions undertaken for funds already delegated by the Stadium Authority to DAGS that are encumbered, especially where encumbered to existing contracts. Instead, DAGS recommends keeping the Stadium Authority as the expending agency, as this designation will be retained wherever they are administratively attached.

2. Further, increasing the authorization to issue general obligation bonds from \$170,000,000 to \$350,000,000 by amending Act 268, Session Laws of Hawaii 2019, section 6, as amended by section 5 of Act 4, Session Laws of Hawaii 2020, as amended by section 18 of Act 146, Session Laws of Hawaii 2021, may not allow for assigning a new funds lapse date of June 30, 2024, as we understand that the lapse date is determined by the project authorization date, not the funds appropriation date. Therefore, merely amending the acts related back to Act 268, Session Laws of Hawaii 2019, may lock the funds lapse date at June 30, 2022. Instead, DAGS recommends that a new project appropriation be established in this bill for the Stadium Development District in the differential amount of \$180,000,000 comprised of \$130,000,000 in general obligation bonds for necessary design and construction costs, and \$50,000,000 in general funds to support the interim operations of the Stadium Authority and the Stadium Development District.

DAGS also concurs with, supports, and defers to the Stadium Authority for consideration to address their additional valid concerns as enumerated in their testimony. At this infancy stage of the New Aloha Stadium Entertainment District, the utmost care must be given to ensure the best, most professional opportunities for success are established.

DAGS will continue to coordinate closely with the Stadium Authority and stakeholders to ensure our on-going project efforts coincide with the future goals to bring benefit in the best interests of the State and its people.

Thank you for the opportunity to testify on this matter.



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**David Y. Ige**  
*Governor*

**John De Fries**  
*President and Chief Executive Officer*

Statement of  
**JOHN DE FRIES**

Hawai'i Tourism Authority  
before the

**COMMITTEE ON FINANCE**

February 28, 2022  
11:00 A.M.  
State Capitol  
via videoconference

In consideration of  
**HOUSE BILL NO. 2470 HD1**  
**RELATING TO GOVERNMENT OPERATIONS**

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Aloha Chair Luke, Vice Chair Yamashita, and members of the Committee on Finance,

The Hawai'i Tourism Authority appreciates the opportunity to offer comments on HB2470 HD1, which in Part II establishes the Director of Business, Economic Development, and Tourism, or a designee of the Director, as an ex-officio, voting member of the Hawai'i Tourism Authority board. Our comments today are limited to Part II of the act.

As an agency administratively attached to the Department of Business, Economic Development, and Tourism, our staff has and continues to work closely with the Director and his team. We welcome the Director or the Director's designee's membership on our board to further deepen the relationship and involvement in the policy and oversight discussions that take place as part of the board operations.

We appreciate the opportunity to provide these comments on HB2470 HD1. Mahalo.

**HB-2470-HD-1**

Submitted on: 2/27/2022 9:44:16 AM

Testimony for FIN on 2/28/2022 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Christine Kinimaka	DAGS	Comments	Yes

Comments:

Testifying on DAGS testimony submitted by Comptroller Curt Otaguro.

**DAVID Y. IGE**  
GOVERNOR

**CURT T. OTAGURO**  
COMPTROLLER



*An Agency of the State of Hawaii*

**ROSS I. YAMASAKI**  
CHAIRMAN, STADIUM AUTHORITY

**RYAN G. ANDREWS**  
DEPUTY MANAGER

TESTIMONY  
OF  
RYAN G. ANDREWS, ACTING STADIUM MANAGER  
ALOHA STADIUM  
STADIUM AUTHORITY  
TO THE  
HOUSE COMMITTEE  
ON  
FINANCE

FEBRUARY 28, 2022, 11:00 A.M.  
BY VIDEOCONFERENCE IN  
CONFERENCE ROOM 308  
H.B. 2470, H.D.1

RELATING TO GOVERNMENT OPERATIONS

Chair Luke, Vice Chair Yamashita, and members of the committee, thank you for the opportunity to submit this testimony with comments on H.B. 2470, H.D.1.

With much recognition and appreciation, the Stadium Authority (Authority) would like to take this opportunity to thank the legislature and the Department of Accounting and General Services (DAGS) for its many years of continuous support toward building a New Aloha Stadium Entertainment District (NASED) that includes redevelopment of its surrounding land into a vibrant and robust entertainment district. We would not be at this stage of development if not for the collective and coordinated support from these entities working together to reach project completion. Thank you for your continued support.

From a macro perspective, the Authority understands the intent of the legislature in aggregating enterprise agencies as well as centralizing land development expertise and functions under the Department of Economic Development and Tourism (DBEDT). The Authority is supportive of all efforts to continue the positive progress and momentum that has been established that will drive this project's development through completion.

The Authority greatly appreciates the \$350,000,000 in general obligation bond funding required to support the completion of the State of Hawaii's new sports and entertainment facility.

The Authority also appreciates the clarity provided in Section 7 of HB 2470, H.D.1 pertaining to Section 109-1, Hawaii Revised Statutes. The language in this draft will allow the Stadium Authority Board to move forward with a clear understanding of Legislative intent.

The Authority also offers the following vital comments on various Sections of this measure and would respectfully appreciate the legislature's consideration of these recommendations:

**Regarding Section 5:** The Authority respectfully asks for the legislature's support in exempting the Stadium Development Special Fund from its pro-rata share of the departmental administrative assessment. As the NASED project continues on course through project completion, the Authority will require operating resources to address costs directly related to transitioning from its current stadium operating model to an interim operating model during its demolition/ construction phase, and finally transitioning to a fully implemented NASED operating model.

During this multi-year, multi-phase process, the Authority understands its responsibility to continue to maximize revenue generation while decreasing fees and expenses through implementation of lean, practical operating procedures and prudent financial decision making. The Authority also understands the critical value in being exempted from the departmental administrative assessment towards supporting and ensuring financial solvency. An exemption from the administrative assessment fee will undoubtedly help reduce the need for the Authority to seek additional funding to address project transition requirements as well as support continued financial solvency of the operation.

**Regarding Section 11:** Act 146, SLH 2021 designated the Authority as the expending authority for capital improvement projects authorized by this Act. Further, with the approval of the Governor, it allows for delegation of this expending authority to other State agencies. This provision has allowed the Authority to delegate the transfer and expenditure of funds and project implementation to the subject matter expert – DAGS.

In HB 2470, H.D. 1, we continue to have concern that the proposed language in Section 11 to replace the Authority as the expending agency and transfer this responsibility to DBEDT may be problematic, specific to funds already appropriated, delegated to, and encumbered by DAGS. We respectfully request that the Authority remain as the expending agency, to include the option to delegate implementation and transfer of funds to facilitate project completion. We believe this will allow the process to continue seamlessly, and efficiently and minimize the likelihood of delays in sorting out technical issues of a new process.

The Authority defers to DAGS and the Legislature on the appropriate language that will allow the Authority to receive the additional combination of funding necessary to ensure project completion.

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February 28, 2022  
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On behalf of the Stadium Authority Board, I thank you for your ongoing support of the NASED project and respectfully ask for your consideration of our concerns noted above. Thank you for the opportunity to provide this testimony with comments on H.B. 2470, H.D. 1.





## DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE  
GOVERNOR

MIKE MCCARTNEY  
DIRECTOR

CHUNG I. CHANG  
DEPUTY DIRECTOR

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Statement of  
**MIKE MCCARTNEY**  
Director

Department of Business, Economic Development, and Tourism  
before the

### HOUSE COMMITTEE ON FINANCE

Monday, February 28, 2022  
11:00 AM

State Capitol, Conference Room 308 & Videoconference

In consideration of  
**HB2470, HD1**  
**RELATING TO GOVERNMENT OPERATIONS.**

Chair Luke, Vice Chair Yamashita and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) supports the intent of HB2470, HD1, which establishes the DBEDT director as an ex-officio voting member of the Hawaii Tourism Authority and the School Facilities Authority Boards and transfers the Stadium Authority and the School Facilities Authority to DBEDT.

DBEDT agrees with centralizing state functions to gain efficiencies and expertise and will continue discussions to evaluate the current state of personnel, funding, and contracts of the Stadium Authority and the School Facilities Authority to ensure proper transfer of these agencies to DBEDT without operational interruption should these transfers occur.

For consistency, we ask that the committee revise Part III, Section 7 (Page 15, Lines 1-6) to reflect that the director of DBEDT or the designee be an ex-officio voting member of the stadium authority as well.

Thank you for the opportunity to testify.

DAVID Y. IGE  
GOVERNOR



KEITH T. HAYASHI  
INTERIM SUPERINTENDENT

STATE OF HAWAII  
DEPARTMENT OF EDUCATION  
P.O. BOX 2360  
HONOLULU, HAWAII 96804

**Date:** 02/28/2022

**Time:** 11:00 AM

**Location:** 308 Via Videoconference

**Committee:** House Finance

**Department:** Education

**Person Testifying:** Keith T. Hayashi, Interim Superintendent of Education

**Title of Bill:** HB 2470, HD1 RELATING TO GOVERNMENT OPERATIONS.

**Purpose of Bill:** Establishes the director of business, economic development, and tourism, or a designee of the director, as an ex-officio, voting member of the Hawaii tourism authority and the school facilities authority board. Transfers the stadium authority and school facilities authority from the department of accounting and general services and department of education, respectively, to the department of business, economic development, and tourism. Amends the composition of the stadium authority. Requires that administrative expenses incurred for the stadium development special fund be deducted. Increases the amount of general obligation bonds that may be issued for the stadium development district. Effective 10/18/2050. (HD1)

**Department's Position:**

The Hawaii State Department of Education (Department) provides comments on HB 2470, HD1.

The Department has established and maintains an effective working relationship with the School Facilities Authority and its staff. Regardless of where the School Facilities Authority resides, the Department is confident that this relationship will continue and is committed to ensuring adequate facilities for the needs of public school students.

Thank you for the opportunity to offer comments on this measure.

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR

GLORIA CHANG  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**  
TESTIMONY BY CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
HOUSE BILL NO. 2470, H.D. 1

**February 28, 2022**  
**11:00 a.m.**  
**Room 308 and Via Videoconference**

RELATING TO GOVERNMENT OPERATIONS

The Department of Budget and Finance (B&F) offers comments on Section 11 of this bill. B&F defers to the appropriate departments and agencies on the remainder of this bill.

B&F notes that Section 11 of this bill further amends Section 6 of Act 268, SLH 2019, as amended, to increase the general obligation (G.O.) bond appropriation for the Stadium Development District from \$170,000,000 to \$350,000,000 in FY 20. However, a FY 20 G.O. bond appropriation will lapse on June 30, 2022. If the Committee intends to move this appropriation forward, B&F suggests lapsing the appropriation made in Act 268 and making a new G.O. bond appropriation for the desired amount in FY 23.

Thank you for your consideration of our comments.